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Marine Outlook

Highlights of the Marine Industry

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PORTS IN QUEBEC

Montreal

Increase in handled tonnage

On September 30, 2008, the total tonnage handled was 20 Mt, or 5 % more than the same period last year. This increase can almost entirely be explained by the 9.6 % increase in general cargo handled of which 10 % of this category was containerized cargo. As for liquid cargo, it merely increased by 1 %. The port welcomed 1,032 ships, or some fifty less than during the three first quarters of 2007.[1]

The Vision 2000 strategic plan that was unveiled last April by the Montreal Port Authority will include four development phases. The first phase involves optimizing the current port infrastructures in Montreal and immediately increasing the port's capacity. The work began in 2007 and will end in 2011. The second phase is based on the redevelopment of the port's grounds and this for the purpose of developing to the fullest extent every existing square foot for the storage of merchandise. This work will be completed in 2013. The third phase will involve the construction of a new container terminal either in Eastern Montreal or Contrecoeur and the construction will take place between 2013 and 2016. Phase 4 will be devoted to the construction of another terminal in Contrecoeur and this project will be completed 2020. Thanks to these new facilities, the Port of Montreal will triple, from now to 2020, its annual container handling capacity going from 1.6 million containers (TEU) to 4.5 million.[2]

Quebec

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Quebec was 19.7 Mt, or 2 % more in comparison with the same period last year. The high 16 % increase in dry bulk cargo and general cargo more than compensated for the 8 % decrease in liquid cargo transhipments. Furthermore, the port welcomed 1,022 ships during the first three quarters of the year, or just over forty more than last year on the same date.[3]

Moreover, the 2008 international cruise season at the Port of Quebec gave rise to an increase in cruise ship traffic. More specifically, 19 ships belonging to 17 different maritime companies

[1] Montreal Port Authority.

[2] « Le pdg du port de Montréal présente ses projets pour Contrecoeur », ("The Port of Montreal CEO presents his objectives for Contrecoeur"), press release, Montreal Port Authority, October 9, 2008; Théroux, Pierre, « Le Port de Montréal lorgne Contrecoeur » ("The Port of Montreal covets Contrecoeur"), Les Affaires, from October 11 to 17, 2008.

[3] Quebec Port Authority.

berthed in Quebec between the months of May and October. Five passenger vessels made their first trips to Quebec. Another point to mention is that cruise ships are becoming larger and larger. There were close to 78,000 cruise ship passengers and 29,000 crew members who stopped over in Quebec. Let us remember that the Quebec international cruise industry generates direct economic revenues of $100 M per year. Furthermore, the Port of Quebec is a port of call for all cruise ships in transit on the St. Lawrence River.[4]

In addition to an increase in the number of port visits and passengers, the Port of Quebec experienced an excellent season in disembarkation-embarkation operations. In fact, the *Eurodam* and the *Sea Princess* chose Quebec for the disembarkation and embarkation of more than 12,000 passengers. In total, four disembarkation-embarkation operations took place at the Port of Quebec this year.[5]

Sept-Îles

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Sept-Îles totalled 17.7 Mt, or 15 % more than for the same period of last year. This increase is due to the increase in iron ore tonnages. During the first three quarters of 2008, 437 ships transited through the port, or approximately some thirty more than during the same period last year.[6]

The iron ore industry experienced a strong global increase. In Quebec, mining company expansion projects are increasing. According to the Sept-Îles Port Authorities, the tonnage handled at the port could triple over the next five years if all mining company expansion projects come to fruition. Under these circumstances, the port will have to invest several tens of millions of dollars in order to build an additional pier intended for the increase of iron ore transhipments. It would be located between the one in La Relance and the facilities of the mining company Mines Wabush, in Pointe-Noire.[7]

The Corporation de promotion industrielle et commerciale de Sept-Îles (COPIC) (Corporation for industrial and commercial promotion in Sept-Îles) is currently relying on the execution of a vast steel works project evaluated at $550 M. The plant, whose annual production would total 2.5 Mt of steel, would be located on one of the Mines Washburn properties. The Sept-Îles Port Authority estimates that the opening of such a plant could translate into an increase in handled tonnage of approximately 4 Mt.[8]

Port-Cartier

Decrease in handled tonnage

On September 30, 2008, the total tonnage handled at Port-Cartier was 12.5 Mt, or an 8 % drop in comparison with the same period of last year. This decrease can be explained by a drop in concentrate and iron pellet transhipments as well as grain and petroleum transhipments. During the first three quarters, 325 ships transited through Port-Cartier, or some fifteen less in comparison with the same date last year.[9]

Sorel-Tracy

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Sorel was 3.9 Mt, or a 12 % increase in comparison with the first three

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[4] « La saison des croisières internationales débute aujourd'hui et le *Maasdam* se voit décerner le prix D » ("The international cruise ship season begins today and the *Maasdam* is awarded the "prix D""), Press release, Quebec Port Authority, May 16, 2008.
[5] « Un fort achalandage de navires de croisières au port de Québec » ("A strong increase in cruise ship traffic at the Port of Quebec"), Press release, Quebec Port Authority, September 18, 2008.
[6] Sept-Îles Port Authority.
[7] Gosselin, Marc, « Le boom des ressources propulse Sept-Îles » ("The resource boom is driving Sept-Îles") and « Le Port met le cap sur l'expansion » ("The port goeas ahead with expansion"), Les Affaires, from September 20 to 26, 2008.
[8] « Sept-Îles - Un grand chantier d'acier » ("Sept-Îles, a vast steel path"), Radio Canada web site, August 11, 2008; « Sept-Îles - Une aciérie bonne pour le port » ("Sept-Îles – A steel works plant good for the port"), Radio Canada web site, August 14, 2008.
[9] Port-Cartier Port Authority.

quarters of 2007. This performance can be largely explained by the increase in ilmenite tonnage. In terms of traffic, 185 ships have transited through the port since the start of the year, or 7 more than for the same period of last year.[10]

The Québec-Fer et Titane de Sorel-Tracy Company received the delivery of a giant hydraulic ship loader. The mining company also anticipates investments of over $35 M with the expansion of its port facilities in Sorel-Tracy.[11]

Port-Alfred

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Port-Alfred was 3.5 Mt, or an 8 % increase in comparison with the first three quarters of 2007. The dry bulk tonnages (bauxite, alumina, green coke, fluorite and calcinated coke) as much as the liquid cargo (sodium hydroxide and fuel oil) increased respectively by 9 % and 2 %. In terms of traffic, 110 ships transited through the port, some ten or so more than for the same period last year.[12]

Baie-Comeau

Decrease in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Baie-Comeau was 3 Mt, or 13 % less than on the same date of last year. The drop in grain and cereal transhipments mostly explains this slow-down in tonnage. At the same time, the port welcomed 153 ships, or some thirty less than during the first three quarters of 2007.[13]

Approximately 413,000 t of commodities must be added to this tonnage which transited through the Port of Baie-Comeau via the *Georges-Alexandre-Lebel* during the first three quarters of the year, which represents a 4 % drop in comparison with the same period of last year. During the first three quarters of 2008, the train ferry conducted 251 round trips, some ten or so less than by the same date last year.[14]

The modernization project for the Baie-Comeau aluminum smelter should not be affected by the recent decision by Alcoa to suspend all its investment projects deemed unessential. Let us recall that at the start of March, Alcoa made an agreement with the Quebec Government to modernize its Baie-Comeau aluminum smelter. The company plans to invest $1.2 billion in order to replace its 542 Soderberg drums with a series of 320 more performing and less polluting drums. Upon work completion, the aluminum smelter production should go from 400,000 to 540,000 tons of aluminum per year. The multinational company also plans to invest in the development of its port facilities in Baie-Comeau.[15]

Havre-Saint-Pierre

Decrease in handled tonnage

On September 30, 2008, the total ilmenite tonnage handled at the QIT - Fer et Titane de Havre-Saint-Pierre Port is estimated at 2 Mt[16], or 18 % more than for the same period last year. We should add the tonnage of various commodities handled at the Corporation de développement et de gestion du port de Havre-Saint-Pierre pier to this total. For reasons beyond our control, it was not possible to obtain this tonnage for the first three quarters of the year. We should, however, mention that this tonnage does not account for much with respect

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[10] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transport Canada, 2007 and 2008.
[11] « Sorel-Tracy - Une grue géante conçue au Québec » ("Sorel-Tracy-A giant crane designed in Quebec"), Les Affaires, September 13, 2008.
[12] Port-Alfred Port Authority.
[13] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transport Canada, 2007 and 2008.
[14] « Rapports des tonnages manutentionnés sur le traversier-rail *Georges-Alexandre-Lebel* » ("Reports of tonnages handled on the *Georges-Alexandre-Lebel* train ferry"), SOPOR et COGEMA, 2007 and 2008.
[15] Paradis, Steeve, « Le projet survivrait aux coupes d'Alcoa » ("The project would survive the Alcoa cuts"), Le Soleil, October 16, 2008; « Alcoa - Une poignée de main de 1,2 milliard » ("Alcoa-A $1.2 billion helping hand"), Radio Canada web site, March 4, 2008.
[16] Estimate calculated based on the ilmenite tonnage handled at the Port of Sorel-Tracy provided by Transport Canada.

to the total tonnage handled at Havre-Saint-Pierre.

Trois-Rivières

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Trois-Rivières was 1.8 Mt, or 7 % more than for the same period last year. The 31 % increase in solid cargo tonnage explains this tonnage and this, in spite of the decrease in liquid cargo transhipments (19 %) and general cargo (53 %). Furthermore, the port welcomed 181 ships, or some forty less than during the first three quarters of last year.[17]

Bécancour

Increase in handled tonnage

On June 30, 2008, the tonnage handled at the Port of Bécancour totalled 1.5 Mt, a 4 % increase in comparison with the same period last year. The increase in coke, chemical salt, wind energy parts, alkane and alumina transhipments more than compensated for the drops in carbon, steel, sepiolite, hazardous materials and de-icing salt tonnages. At the same time, the Port of Bécancour welcomed 139 ships, or 17 more than during the first three quarters of 2007.[18]

The Norwegian company Renewable Energy Corporation (REC) will invest 1.2 billion US dollars in the refining of silicon intended for the manufacturing of solar panels. It will produce 13,000 tons of polycrystalline silicon per year in Bécancour starting 2012, or a third of the global production.[19]

[17] Trois-Rivières Port Authority.
[18] Bécancour Port Authority.
[19] Baril, Hélène, « Bécancour se fait une place au soleil - Une entreprise norvégienne investit 1,2 milliard dans le raffinage du silicium » ("Bécancour, making a name for itself - A Norwegian company invests 1.2 billion in silicon refining"), La Tribune, August 26, 2008.

Port-Saguenay

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Port-Saguenay was 260,300 t, 14 % more than for the same period last year. The steep increase in de-icing salt tonnage, due to the harshness of last winter, explains this increase in total tonnage and this, in spite of a drop in pulp and paper, lumber, aluminum and sodium hydroxide transhipments. The port welcomed 38 ships during the first three quarters of 2008.[20]

Valleyfield

Decrease in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Valleyfield totalled 214,000 t, or a 16 % drop in comparison with the same period of last year, due to a significant decrease of 31 % in solid cargo (industrial salt, zinc concentrate, bauxite and stone) and also liquid cargo (chemical products and liquid asphalt), but to a lesser degree, namely 7 % less. The port has welcomed 44 ships since the start of the year.[21]

Rimouski

Increase in handled tonnage

On September 30, 2008, the total tonnage handled reached 193,000 t, 17 % more than during the same period of last year. The increase in fuel, de-icing salt, sand and gravel transhipments more than compensated for the slight drop in petroleum product tonnage. The port welcomed 60 ships, or some ten or so more than during the first three quarters of 2007.[22]

Last August, Transport Canada agreed to grant $7.3 M to dredge the ports in Rimouski in 2009 and in Matane this fall. The City of Rimouski

[20] Port-Saguenay Port Authroity.
[21] Société du Port de Valleyfield.
[22] "Detailed report of the tonnage handled in the harbours and ports of Quebec"), Transport Canada, 2007 and 2008.

took advantage of the situation to solicit federal assistance for the expansion of a breakwater at the Port of Rimouski in order to secure the fisher pier and the pier for the *CNM Évolution* ferry.[23]

Matane

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Matane was 191,000 t, or 15 % more than on the same date last year. The increase in wood pulp tonnage is the main explanation for this increase. The port welcomed 33 ships during the first three quarters of 2008 which is five more than during the same period last year.[24]

Moreover, we must add approximately 430,000 t which transited through the Port of Matane via the *Georges-Alexandre-Lebel*. In terms of traffic, the train ferry made 261 round trips (244 between Baie-Comeau and Matane and 17 between Matane and Sept-Îles).[25]

Gros-Cacouna

Decrease in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Gros-Cacouna neared the 129,000 t, 28 % less than for the same period last year. The drop in lumber, newspaper and fertilizer transhipments is the main explanation for this slow-down in tonnage in Gros-Cacouna. In terms of traffic, the port has welcomed 39 ships since the start of the year.[26]

Gaspé

Decrease in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Gaspé totalled 85,800 t, or 55 % more than during the same period last year. The increase in sand and gravel, de-icing salt and petroleum product tonnages explains this increase. The port welcomed 21 ships, two less than during the same period last year.[27]

Pointe-au-Pic

Decrease in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Pointe-au-Pic was approximately 70,400 t, or a 29 % drop in comparison with the same period last year. This slowdown can entirely be explained by the drop in newspaper tonnage. As for maritime traffic, it decreased to a total of 12 ships, this in comparison with the 20 during the first three quarters of 2007.[28]

Chandler

Increase in handled tonnage

On September 30, 2008, the total tonnage handled at the Port of Chandler totalled 4,274 t, or 9 % more than in 2007. The increase in various commodity transhipments entirely explains this increase in tonnage. Seven ships berthed in Chandler during the first three quarters, this in comparison with just one during the same period last year.[29]

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[23] Thériault, Carl, « Les millions du fédéral pleuvent dans l'Est » ("Millions from the federal government are raining down in the East"), Le Soleil, August 21, 2008.
[24] "Detailed report of the tonnage handled in the harbours and ports of Quebec"), Transport Canada, 2007 and 2008.
[25] « Rapports des tonnages manutentionnés sur le traversier-rail *Georges-Alexandre-Lebel* » ("Report of tonnages handled on the *Georges-Alexandre-Lebel* train ferry"), SOPOR et COGEMA, 2007 and 2008.
[26] "Detailed report of the tonnage handled in the harbours and ports of Quebec"), Transport Canada, 2007 and 2008.
[27] Ibid
[28] Ibid
[29] ibid

SUMMARY OF THE FIRST THREE QU ARTERS OF 2008

Estimate and comparison of tonnages handle d in the major ports of Quebec during the first three quarters of 2007 and 2008

List of ports	2008 Jan.-Sept.	2007 Jan.-Sept	Trend [30] 2008 / 2007
1. Montreal	20 Mt	19 Mt	+ 5%
2. Quebec	19.7 Mt	19.2 Mt	+ 2 %
3. Sept-Îles	17.7 Mt	15.4 Mt	15 %
4. Port-Cartier	12.5 Mt	13.6 Mt	- 8 %
5. Sorel-Tracy	3.9 Mt	3.5 Mt	+ 12 %
6. Port-Alfred	3.5 Mt	3.8 Mt	+ 8 %
7. Baie-Comeau [31]	3 Mt	3.4 Mt	- 13 %
8. Havre-St-Pierre [32]	2 Mt	1.7 Mt	+ 18 %
9 Trois-Rivières	1.8 Mt	1.6 Mt	+ 7 %
10. Bécancour	1.5 Mt	1.4 Mt	+ 4 %
11. Port-Saguenay	260 kt	228 kt	+ 14 %
12. Valleyfield	214 kt	257 kt	- 16 %
13. Rimouski	193 kt	166 kt	+ 17 %
14. Matane [31]	191 kt	166 kt	+ 15 %
15. Gros-Cacouna	129 kt	181 kt	- 28 %
16. Gaspé	86 kt	56 kt	+ 55 %
17. Pointe-au-Pic	70 kt	100 kt	- 29 %
18. Chandler	4.3 kt	3.9 kt	+ 9 %
Total	**87.1 Mt**	**83.5 Mt**	**+ 4 %**

Sources: Port authorities and Transport Canada.

Compilation: DRPE, Fisheries and Oceans Canada, Q uebec region

M: millions; k: thousands

MARINE SAFETY

Low rate of ship and container s searches in Canada

According to a national securit ty expert, the Canadian Government should extend more financial and human resources to the Border Services Agency in order to allow its agents to perform more ship searches coming from

[30] The tonnage trends are calculated from hand dled tonnage data that is not rounded off.

[31] These data do not include the tonnage that t ransits through the ports of Baie-Comeau and Matane via the *Geo rges-Alexandre-Lebel* train ferry.

[32] Estimate calculated based on ilmenite tonna ge handled at the Port of Sorel-Tracy provided by Transport Can ada.

abroad and transiting through the St. Lawrence River.

Between April 1, 2007 and March 31, 2008, approximately 5 % of ships were searched by customs officers when they berthed at one of Quebec's ports. As for the 600,000 containers coming from abroad and unloaded at the Port of Montreal, some 23,200 of those were targeted by some form of verification or search, which equals just under 4 %. In short, the low search rate is not adequate to fight against the entrance of drugs, illegal immigrants and illegal arms in Canada. Moreover, the American authorities have greatly invested in matters of marine security and they worry about what they observe in Canada. Let us recall that the St. Lawrence River gives access to the Great Lakes making it possible then to reach the United States.[33]

Canadian-American monitoring of maritime traffic on the Seaway

The American authorities worry about a dangerous container penetrating their territory via the St. Lawrence where 7 % of containers transit en route by cargo for the United States. Therefore, the American Government endeavours to reinforce security on the Seaway. Thus, the Canadian and American Coast Guards patrol together over a distance of 100 kilometres between Valleyfield, in Quebec and Cardinal, in Ontario, in order to ensure the detection, surveillance, interception and boarding of suspicious ships.

Last February, the Canadian Government invested $15 M over two years in order to open a maritime business control centre on the St. Lawrence River and in the Great Lakes region. This centre would aim at reinforcing the desired customs relations between the United States and Canada in the framework of the Initiative related to the safety of containers in 2005 which intends that the Canada Border Services Agency and the United States Coast Guard

[33] Boivin, Matthieu, « Services frontaliers du fleuve Saint-Laurent - Moins de 5 % de navires fouillés » (“Border services for the St. Lawrence River – Less than 5 % of ships searched”). Le Soleil, August 29, 2008.

cooperate in order to prevent all acts of terrorism via maritime transport.[34]

SEAWAY

Increase in traffic and decrease in cargo on the Seaway

During the first three quarters of the year, the Seaway welcomed 3,081 ships, a 3 % increase in comparison with the same period last year. Ships transiting by the Seaway transported 29 Mt, or 4 % less than by the same date last year. The increase in iron ore, carbon and other cargo traffic was not enough to compensate for the decrease of cereal traffic.[35]

TRANSPORT IN QUEBEC

Quebec companies delay in converting to short sea shipping

According to the Association des armateurs du Saint-Laurent (ASL), the St. Lawrence waters are shunned by companies who would rather expedite their commodities by truck and this, despite the two Quebec Government programs totalling $80 M which aim at assisting companies who wish to convert to maritime transport. However, short sea shipping or coastal shipping has many advantages. For example, a 25,000 ton ship replaces nearly 900 heavy vehicles travelling the roads. Furthermore, a ship emits up to 10 times less CO^2 per ton transported than a truck. Consequently, the quantity of green house gases is significantly reduced.[36]

[34] Schmouker, Olivier, « Des fonds publics noyés dans le Saint-Laurent » (¨Public funds sunk in the St. Lawrence¨), Les Affaires, from October 11 to 17, 2008.
[35] « Résultats mensuels du trafic de la Voie maritime en date du 30 juin 2008 » (¨Monthly results of Seaway traffic dated on June 30, 2008¨), Réseau Grands Lacs / Voie maritime du Saint-Laurent, June 2008; « La volonté de la Voie maritime de diversifier ses marchandises produit des résultats » (¨The desire of the Seaway to diversify its commodity yield results¨), Press release, Réseau Grands Lacs Voie Maritime du Saint-Laurent, July 9, 2008.
[36] Sabourin, Marc-André, « L'industrie maritime est au neutre » (¨The maritime industry is idling¨), Les Affaires, July 19, 2008.

ENVIRONMENT

The Arctic and the exploitation of oil and natural gas resources

Russia, the United States, Canada, Denmark and Norway are all engaged, to various degrees, in a race to exercise and extend sovereignty over the Arctic for strategic, political and energy purposes. The American Government geological research agency estimates that there are 412 billion unexploited oil drums of black gold and gas in the Arctic. Although offshore sites close to the Northern shores of Alaska have, for years, already been producing petroleum and natural gas, 84 % of these petroliferous reserves are remotely located.

According to experts, the exploitatio0n of these gigantic oil and gas reserves in the Arctic presents significant constraints and risks affecting this great ecosystem already disturbed by global warming. In accordance with the estimate made by glaciologists, the Arctic Ocean could be free of ice for the entire winter period as of 2030 due to global warming and this would facilitate the exploitation of energy resources.[37]

A wastewater treatment system for excursion-cruise ships

Following the example of all naval companies, the most important cruise company in the country, Croisières AML, will have to comply with new federal regulations regarding ocean wastewater disposal generated by ships. In order to do so, the company is relying on a technology designed by Premier Tech Environnement (PTE). Days when these waters were disposed of directly into the River will soon be a thing of the past. In fact, the PTE teams, Croisières AML and the Navtech de Québec company have pooled their knowledge in order to design a ¨membrane¨ type system.

[37] Lavallée, Guillaume, « Défi de la course aux hydrocarbures » (¨Race for hydrocarbon challenge¨), Agence France Presse, September 1, 2008.

The system deemed promising was installed in July as a pilot project on the *Cavalier-Maxim* ship, moored in Montreal. At the end of the cruise season on the St. Lawrence, the performance of this technology will be evaluated. If the findings are conclusive, AML could adopt it for its entire fleet of 18 ships.[38]

COMMODITIES

Iron ore

Increase in the IOC Company production

The financial crisis has impacts on global steel production. ArcelorMittal, global leader in this industry, recently announced a 10 to 15 % reduction in its production during the third quarter. Russian and Chinese steel companies have also announced reductions.[39]

This being said, although Chinese iron ore imports during the first three quarters of the year were 22 % higher than those of 2007, some observers worry that the drop in Chinese steel production foretells a slow-down of economic development in China. Nevertheless, the BHP agency anticipates that the Chinese economy will continue to grow at an annual rate of 6 to 9 % over the next five years. Rio Tinto is even more optimistic and goes as far as predicting that the economic growth will remain above 8 %.[40]

Despite the current global economic conditions, the Iron Ore of Canada (IOC) mining company will go ahead with the second phase of an expansion plan launched in March 2008 which intends to increase its capacity by 50 % by 2011. Iron Ore of Canada (IOC) mining company and Rio Tinto will invest $300 M to increase its iron ore and pellet production capacity at its facilities in Labrador City. With this investment, the production of iron ore concentrate will go from 17 Mt to 22.8 Mt per year. The mining company is also relying on the possibility of executing phase 3. A feasibility study will be conducted for this purpose in order to evaluate the possibility of increasing the company's iron concentrate annual production to 26 Mt.[41]

Grains and oilseeds

Anticipated increase in production and exports

The most recent estimates made by the Department of Agriculture and Agri-Food expects that the production of grains and oilseeds for the 2008-2009 crop year in Canada will increase to reach 64 Mt in comparison with the 60 Mt in 2007-2008. However, these forecasts suppose normal precipitation for the growing and harvesting periods, as well as a good quality harvest. As for Canadian exports of grains and oilseeds, they could increase by 7 %. This being said, they could be limited by a strong internal demand, generated by an increased use of corn for the production of ethanol.[42]

Aluminum

Slow-down on the global aluminum market

The current insecurity of economic and financial conditions could have visible repercussions on the global aluminum market. In this context, industrial production is at risk of slowing down. This will notably be the case for the automobile industry where the demand is at risk of plummeting at the same time resulting in a drop in the global aluminum demand. The American automobile industry situation has specifically

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[38] Larouche, Marc, « Projet-pilote commun Premier Tech - Croisières AML » (“Common pilot project Premier Tech - Croisières AML”), Les Affaires, October 28, 2008.
[39] « Le secteur des matières premières s'adapte à la crise » (“The raw materials sector adapts to the crisis”), The Economist, from October 25 to 31, 2008.
[40] Ibid

[41] Arcand, Denis, « L'Iron Ore investit 300 millions à Labrador City - L'usine de Sept-Îles demeure fermée » (“Iron Ore invests 300 million in Labrador City – The Sept-Îles plant remains closed”), La Presse, September 5, 2008; « Rio Tinto investit » (“Rio Tinto invests”), Le Quotidien, September 5, 2008.
[42] Proulx, Marc-Urbain, « La stratégie québécoise de l'aluminium » (“The Quebec aluminum strategy”), Le Devoir, July 30, 2008; « Production des principaux minéraux du Canada » (“Production of prinicpal minerals in Canada”), Natural Resources Canada, May 2008.

broken down while sales of new vehicles have plunged in a drastic way. They also threaten to collapse in Europe and are showing signs of slowing down in emerging countries.[43]

Lumber and newspaper

The weakness of the North American demand for lumber continues

The financial and real estate crisis that is prevailing for our southern neighbours will have repercussions on the construction market for new houses, in as much as the real estate market is overwhelmed with houses seized by banking institutions due to the incapacity of several new owners to honour their mortgage loans. However, the perspectives are more positive for 2009, while American markets in construction and resale will gradually improve. The prognoses appear to be even better for 2010 due to the anticipated strengthening of the American real estate market.[44]

Drop in North America's demand for newspaper

The North American demand is in free fall. During the first eight months of the year, American newspapers reduced their paper consumption by 14 %. The format of some dailies is shrinking, in addition to printing on paper that is thinner and thinner. Newspapers are also losing some pages such as classified ads, employment seeking ads and stock exchange lists, which are migrating more and more to the Internet.[45]

[43] Raw materials trends, Desjardins Études économiques (Economic study), October 9, 2008.
[44] Ibid
[45] Drolet, Anne, « Le prix du papier journal à la une » ("The price of newspaper makes front-page news"), Le Soleil, October 1, 2008.

FERRIES

Uncertainty surrounding the ferry project between Grande-Anse and Paspébiac

The maritime ferry project in the Baie-des-Chaleurs between Grande-Anse and New-Brunswick and Paspébiac in Québec could be in jeopardy. The current price of fuel far exceeds the predictions from the feasibility study conducted in 2004. Furthermore, the implementation of this ferry service would require major investments, notably for the purchase of the ferry, the development of wharfs and the creation of an operations fund to ensure the first year of the ferry's service. In order to do this, promoters rely on assistance from the government to finance, in part, the project estimated at $10 M. Let us note that the feasibility study took into account the potential of 100,000 users per year.[46]

EXCURSION CRUISES

A cruise into the Saint-Laurent-Saguenay marine park for cruise ship passengers on a stopover

Among packages offered to international cruise passengers visiting the Saguenay, is the one proposed by Croisières Marjolaine. Tourists would depart from La Baie by bus in order to go to the Saint-Laurent-Saguenay marine park, then would return by ship, or vice-versa. The excursion of approximately 4 hours makes it possible to admire both land and sea.[47]

Whale watching cruises: decrease in the customer traffic

The rainy weather conditions of summer 2008 have had a negative impact on the whale watching cruise industry in Tadoussac. In fact,

[46] « Québec fait construire un nouveau navire pour les Îles-de-la-Madeleine » ("Quebec has a new ship built for the Magdalen Islands"), La Presse Canadienne, May 27, 2008.
[47] Labrie, Isabelle, « Un premier débarquement - L'absence d'un quai d'escale constitue un avantage pour le moment » ("A first landing – The absence of a service wharf is for now an advantage"), Le Quotidien, September 10, 2008.

clients were scarce in June and July. However, it would seem that since the start of the month of August, whale watching enthusiast cruises have increased. On the other hand, watermen in Tadoussac will soon have to adapt to a new marine zoning plan on the territory. They do not believe that this plan will add any significant constraints to the industry.[48]

INTERNATIONAL CRUISES

Anticipated increase for cruises on the St. Lawrence from now to 2014

Although the cruise ship *Explorer of the Seas* from Royal Caribbean will not be returning to Quebec, the port authority anticipates an increase in the number of cruise passengers in the capital region in 2009. Due to the elevated cost of fuel, its owner preferred reducing the number of cruises in the Maritimes and Quebec next year. This being said, the Association des croisières du Saint-Laurent remains certain of quadrupling the number of international cruises on the river by 2014 and this, despite the increasing fuel price. In the near future, the Association anticipates that the number of cruises on the river could double in comparison with 2007 in order to reach 220,000.[49]

A new cruise on the St. Lawrence

The Carnival Cruise line has confirmed a circuit of three visits solely in Quebec, without stops in the Maritimes and Maine. In fact, three summer cruises on the St. Lawrence leaving from New York with stops in Quebec, Baie-Comeau and Havre-Saint-Pierre are planned for June, July and August 2009. Under the theme "After the Glaciers", these cruises lasting nine days will be aboard the *Carnival Triumph*, a ship with a 2,700 passenger and 1,100 crew member capacity. In Baie-Comeau, these three new stopovers are added to those already planned by the *Maasdam* (Holland America) and the *Balmoral* (Fred Olsen Cruises) in October 2009.[50]

A first cruise ship at the new service wharf in Saguenay

Last September, the *MS Eurodam* was the first international cruise ship to berth at the new cruise wharf in Saguenay. Let us recall that the new pier port infrastructure will make it possible to receive a large number of ships in addition to extending the stopover time. At that time, cruise passengers will be able to visit the tourism attractions in the Saguenay-Lac Saint-Jean region.[51]

The cruise season in the Saguenay looks as though it will be excellent for 2009. To date, 14 cruise ships have confirmed their presence, which will bring, to Port-Saguenay, more than 28,000 passengers, more than doubling the 11,000 passengers welcomed in 2008, generated by the stopover of 8 cruise ships.[52]

A first for the *CTMA-Le Vacancier* cruise ship

On September 23 and 24 this year, the cruise ship *Le Vacancier* from the CTMA Group in the Magdalen Islands visited Havre-Saint-Pierre and this, for the very first time. This visit is the product of efforts combined between the CTMA Group and the Corporation de développement et de gestion du port de Havre-Saint-Pierre whose objective was to enable cruise passengers to discover the charms from three beautiful maritime regions in Quebec: Minganie, Gaspésie and the Magdalen Islands. Besides the addition of Havre-Saint-Pierre, the cruise

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[48] « Tadoussac - Les touristes » ("Tadoussac – The tourists"), Radio Canada web site, August 18, 2008.
[49] Pelchat, Pierre, « 220 000 croisiéristes sur le Saint-Laurent en 2009 » ("220,000 cruise passengers on the St. Lawrence in 2009"), Le Quotidien, October 9, 2008.
[50] Pelchat, Pierre, « Une nouvelle croisière sur le Saint-Laurent » ("A new cruise on the St. Lawrence"), Le Soleil, October 18, 2008.
[51] « Le premier navire accoste au nouveau quai d'escale de Saguenay » ("The first ship berths on the new Saguenay service wharf"), Press release, Association des croisières du Saint-Laurent, September 29, 2008.
[52] « Les croisières en Minganie, plus qu'un rêve... une réalité » ("Cruises in Minganie, more than a dream... a reality"), Press release, Association des croisières du Saint-Laurent, September 19, 2008.

ship circuit departing from Montreal also makes stopovers in Quebec and Chandler.[53]

Anticipated increase of cruise ship demands in Northern Canada

During the short Arctic summer of 2008, 26 cruise ships disembarked 3,000 passengers in one of the villages of Nunavut. Although this is a considerable increase in the number of cruise passengers in comparison with previous years, their number remain quite small.

The demand for cruises in the Canadian Arctic should increase over the next years and this, for two main reasons. First, cruise passengers who have already experienced cruises in the Caribbean, the Mediterranean, on the Baltic Sea and in Alaska, are leaning more and more towards other cruise circuits, ¨in cold waters¨. With this, cruises on the St. Lawrence and in the Arctic are advantageous. Another reason to expect a rapid development in what the Arctic has to offer is global warming which is melting pack ice rapidly and making it possible to access sites which were up to now isolated by the ices, and prolonging the cruise season which was only some sixty days long until recently.[54]

PLEASURE BOATING

Twice as many drownings in Quebec in 2008

Twenty persons drowned while practising a nautical activity in a Quebec waterway during the summer of 2008, almost twice as many as in 2007, when 12 persons drowned. The Quebec and Outaouais administrative regions are those where most of the drownings occurred. The majority of these were due to the capsizing of a small craft.

Faced with such a summary, the Conseil québécois du nautisme (CQN) is considering making it mandatory to wear personal flotation devices. In fact, a large number of these drownings could have been prevented if the victims had been wearing a life jacket. According to the CQN, a law could be the best way to change behaviour. Let us recall that in Quebec, the law requires that the number of life jackets aboard must be equal to the number of persons present in the craft, and that each pleasure boater have one of the appropriate size. However, wearing the life jacket is not mandatory.[55]

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[53] Paradis, Steeve, « Le *Carnival Triumph* s'arrêtera trois fois à Baie-Comeau » (¨The *Carnival Triumph* will stop over three times in Baie-Comeau¨) , Journal Haute Côte-Nord Est, September 25, 2008.

[54] Désiront, André, « Une grande destination de croisière » (¨A popular cruise destination¨), La Presse, September 6, 2008.

[55] « Formation des patrouilleurs nautiques - La SQ se tourne vers l'Institut maritime » (¨Training of nautical patrols - The SQ turns to the Institut maritime¨), Radio Canada web site, May 15, 2008.

COMMENTS

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